

G. Allen Dale, Esq. 601 Pennsylvania Avenue, N.W. Suite 900, North Building Washington, D.C. 20004

JUL 2 6 2007

**RE:** MUR 5772

Kenneth Phelps

Dear Mr. Dale:

On July 17, 2007, the Commission voted to accept the addendum, which was signed by Mr. Phelps and included provisions conciliating civil violations of the Federal Election Campaign Act of 1971, as amended. On July 20, 2007, the court accepted the addendum as part of the plea agreement in *United States v. Phelps*, 1:07-CR-00102-PLF. The file has been closed in this matter.

Documents related to the case will be placed on the public record within 30 days. See Statement of Policy Regarding Disclosure of Closed Enforcement and Related Files, 68 Fed. Reg. 70,426 (Dec. 18, 2003). Information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 2 U.S.C. § 437g(a)(4)(B).

If you have any questions, please contact me at (202) 694-1530.

Sincerely,

Jin Lee

Attorney

## UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA,	, , ,	FILED
	) Crim. No. 07-102	JUL 2 0 2007
· <b>v.</b>	) ,	ANCY MAYER WHITTINGTON, CLERK U.S. DISTRICT COURT
Kenneth D. Phelps	)	• -
Defendant	)	•

## ADDENDUM AND CONCILIATION OF CIVIL VIOLATIONS UNDER JURISDICTION OF THE FEDERAL ELECTION COMMISSION

- 1. Defendant acknowledges that the Federal Election Commission (FEC) has civil jurisdiction over the violations of the Federal Election Campaign Act of 1971, as amended (FECA), that are the subject matter of these proceedings. Defendant further acknowledges that the FEC has the authority to seek civil remedies against him for these violations pursuant to 2 U.S.C. § 437g(a)(5).
- 2. Defendant admits that he knowingly and willfully violated 2 U.S.C. §§ 432(c)(5); 434(b)(4), (6)(B)(v) and 11 C.F.R. § 104.3(b) by failing to accurately account for and report disbursements made to himself in disclosure reports submitted on behalf of Lockheed Martin Employees' Political Action Committee.
- 3. Defendant admits that he knowingly and willfully violated 2 U.S.C. § 432(b)(3) by commingling the funds of Lockheed Martin Employees' Political Action Committee with his personal funds.
- 4. Defendant agrees to cease and desist from violating 2 U.S.C. §§ 432(b)(3), (c)(5); 434(b)(4), (6)(B)(v), and 11 C.F.R. § 104.3(b).

Pursuant to 2 U.S.C. § 437g(a)(5)(B), the FEC may seek a civil penalty for knowing and willful violations of 2 U.S.C. §§ 432(b)(3), (c)(5); 434(b)(4), (6)(B)(v), and 11 C.F.R. § 104.3(b), of up to 200 percent of any contribution or expenditure involved in such violation. In light of the financial circumstances of the Defendant and his entering into the terms of the Plea Agreement, including paragraph 22. the FEC seeks no civil penalty. However, Defendant is prohibited from working or volunteering in federal political campaigns in a capacity involving a committee's finances or disclosure reports for a period of 10 years from the date of the Plea Agreement.

FOR THE DEFENDANT

FOR THE FEDERAL ELECTION COMMISSION

THOMASENIA P. DUNCAN General Counsel

Kenneth D. Phelps

By:

X/E 1/25/2009

ANN MARIE TERZAKEN

**Acting Associate General Counsel** 

for Enforcement

**Federal Election Commission**